

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

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MAIL PROCESSING NETWORK  
RATIONALIZATION SERVICE CHANGES, 2012

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Docket No. N2012-1

INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO  
TO UNITED STATES POSTAL SERVICE  
(APWU/USPS-26-45)  
(April 6, 2012)

Pursuant to Rules 25 through 28 of the Rules of Practice, American Postal Workers Union, AFL-CIO ("APWU") directs the following interrogatories, which seeks information relevant to the rebuttal testimony of the APWU, to the United States Postal Service.

Instructions and Definitions applicable to these Interrogatories are contained in the Interrogatories of the American Postal Workers Union, AFL-CIO to the United States Postal Service witness David E. Williams (APWU/USPS-T1-1-4), filed on December 22, 2011, and are hereby incorporated by reference.

Respectfully submitted,

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APWU/USPS-26 Other than FCM parcels and periodicals, were any other classes of parcel mail evaluated or analyzed in the Network Rationalization plans for either an overall service level impact or overall cost impact?

- a) If so, what were the results of those evaluations? Please provide any data, documents and other information related to the evaluations and results.
- b) If no such evaluation was conducted as part of the Network Rationalization plans, were any such evaluations performed prior to the preparation of the Postal Service case in this docket but not included in the testimony for Docket N2012-1?

APWU/USPS-27 Does the USPS measure the percentage of volume in each parcel subcategory for each class of mail that is entered into the system at each type of operating facility?

- a) Does Postal Service measure the percentage of parcel volume for how “deeply” into the network the parcel volume is entered?
- b) If so, please provide a report and/or chart showing such percentages of volume and where entered (by type of facility) for each subcategory of parcel mail (including Priority, Express and Parcel Select) in FY 2010.
- c) Please provide a series of reports and/or charts for the past 3 years or 5 years showing the same information as trends.

APWU/USPS-28 Please provide the percentage of volume in each parcel subcategory that is considered to be qualified as “turnaround” mail.

- a) Does this “turnaround” parcel volume currently receive overnight delivery?
- b) What percentage of this “turnaround” parcel volume currently receives overnight service, measured on a national basis?
- c) What percentage of the current “turnaround” volume for each parcel subcategory that currently receives overnight service is expected to continue to receive overnight service in the new Network Rationalization plan?

APWU/USPS-29 Does the Network Rationalization plan contemplate operational changes to run a “hub and spoke” type network operation for “turnaround” parcel volume?

- a) Would such a design be considered in order to continue to provide overnight service for “turnaround” parcel volume?
- b) Have such plans been developed but not included in the Docket N2012-1?
- c) If such a plan has been developed, please provide the details of such plan.

APWU/USPS-30 As part of the Network Rationalization plan, has the Postal Service performed market research to evaluate the key features of service required in the marketplace for the various parcel subcategories of mail?

- a) If not, has such research been performed but outside the plans presented in Docket N2012-1?
- b) Please provide the results of any market research conducted.

APWU/USPS-31 As part of the Network Rationalization plan, has the Postal Service developed an overall product strategy for each of the various parcel subcategories of mail?

- a) If not, has such research been performed outside the plans presented in Docket N2012?
- b) Have such parcel product strategies been evaluated in terms of the impact of potential service degradation from the proposed Network Rationalization plan?
- c) Please provide the results of any such strategic evaluations.

APWU/USPS-32 Does the Postal Service have an overall parcel strategy to reduce the network operations component of the portfolio of parcel products and primarily focus on the first-mile and last-mile capabilities of delivery and pick-up?

- a) If so, does such a strategy have a bearing on the proposed Network Rationalization plan, which has not been included in the testimony of Docket N2012-1?

APWU/USPS-33 Has the Postal Service performed analytical work to evaluate the size and scope of the competitive market for small parcels?

- a) If so, does that analysis include both B to C and B to B market size analysis?
- b) Please provide the analysis of the size of the overall parcel market.

APWU/USPS-34 Provide the National Payroll Summary pages for MVO and TTO broken down separately.

## APWU/USPS-35

- a) For the most recent period available, provide the underlying components of the data from the Vehicle Maintenance Accounting System that are used to produce the per mile and per hour rates used by the Postal Service to calculate the cost of PVS operations. For example, please show fuel costs, maintenance costs, parts costs, depreciation, hours and miles separately for each of the types of equipment in the following list:
- i. single axle tractors
  - ii. dual axle tractors
  - iii. trailers
  - iv. 11 ton straight trucks
  - v. 9 ton straight trucks
  - vi. 7 ton straight trucks
  - vii. 2 ton vans
  - viii. 2 1/2 ton vans.
- b) Please describe what labor costs would be included in these calculations. If there are LDC 30 and LDC 31 hours included in these numbers please be explicit about how those costs are included.

APWU/USPS-36 Provide an explanation about the methodology used to calculate depreciation costs shown in the Vehicle Maintenance Accounting System. Please provide the average age of each type of equipment used in PVS operations.

APWU/USPS-37 Provide the LDC 30 and LDC 31 hours for the same time period as the VMAS report and a complete description of those jobs. Please describe how the LDC 30 and LDC 31 hours are split between vehicle maintenance and transportation network work and provide an approximation of the percentage of hours in these LDCs that are applicable to each functional group.

APWU/USPS-38 We are aware that the Postal Service assigns \$999.00 as the cost of the administration of HCR contracts when it is proving the APWU with comparisons of PVS cost and HCR cost for purposes of administering the APWU/USPS National Agreement.

- a) Does the Postal Service consider \$999.00 an accurate measurement of the cost of administering an HCR contract?

- b) If the answer to a) is an unqualified yes, explain the cost components of the \$999.00 and explain how that number has been calculated.
- c) If the answer to a) above is anything but an unqualified yes, please list the relevant types of costs that are associated with the administration of HCR contracts and indicate whether or not they already are in LDC 30 and LDC 31.
- d) Please list and itemize the types of overhead costs that are assigned as costs in determining the cost of PVS routes.
- e) Please list and itemize the types of overhead costs that are assigned as costs in determining the cost of HCR routes.

APWU/USPS-39 Provide a list of titles of postal personnel who are responsible for the procurement and management of HCR contracts and the number of people in those positions.

APWU/USPS-40 Provide the total number of annual hours associated with the network or transportation specialists and the network supply management personnel associated with oversight of the HCR contracts (in the continental U.S.). Under which LDCs are these hours counted? In which category or categories of personnel are these personnel shown in the National Payroll Summary?

APWU/USPS-41 Provide a list of all costs associated with HCR procurement.

APWU/USPS-42 Provide the total number of HCR contracts currently in effect and the total number of miles and hours of operation associated with those contracts (in the continental U.S.).

APWU/USPS-43 With relaxed service standards, mail volumes will almost certainly decrease.

- a) With this anticipated decrease in mail volume, has the Postal Service anticipated, or does it anticipate, an associated increase in unit cost of service?
- b) If the answer to a) is yes, has this been accounted for in the modeling for this plan?
- c) If the answer to b) is yes, where and how is that shown in the modeling?

APWU/USPS-44 Refer to the testimony of witness Bradley (Table 12, p. 33, line 3). The following data, summary and questions are related to information found in *Library Reference USPS-LR-N2012-1/22* and referenced by Mr. Bradley in his testimony:

$$\begin{aligned}\text{PVS Cost/Mile} &= (\text{Total Labor Costs} + \text{Total Vehicle Costs})/\text{Total Miles} \\ &= (\$138,325,709 + \$19,630,079)/27,403,820 \\ &= \$5.76/\text{mile}\end{aligned}$$

- a) Do the established costing principles used in this analysis suggest that the PVS cost per mile in the 40 PVS sites marked to be closed is \$5.76 per mile?
- b) What percentage of the \$5.76 per mile is attributable to the VSD wage?
- c) Is the \$2.05 per mile HCR figure based upon actual purchased transportation costs and miles?

APWU/USPS-45 Witness Bradley testified (USPS-T-10, p.3, line 15) that: “the calculated cost savings represent the reduction in processing and transportation costs that the Postal Service would achieve once the network restructuring was fully implemented. As such, it does not include transition or adjustment costs.”

- a) Has any effort been made to quantify transition or adjustment costs?
- b) If the answer to a) is yes, specify those costs and list them.